

Message Text

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ACTION AF-06

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TAGS: EINV, EALR

SUBJ: IMPLEMENTATION OF INVESTMENT POLICY DECREE

REF: (A) ACCRA A-07, (B) 75 ACCRA 2782

1. INVESTMENT POLICY IMPLEMENTATION COMMITTEE ESTABLISHED BY DECREE TO, INTER ALIA, EVALUATE SHARES OF FOREIGN OWNED COMPANIES TO BE SOLD TO GHANAIS. IN RECENT TALK WITH EMBASSY OFFICER, COMMITTEE MEMBER AND GENERAL MANAGER OF GOG CAPITAL INVESTMENT BOARD, S.D. KYEI, NOTED WORK OF COMMITTEE WOULD BE COMPLETED BY JUNE 30 DEADLINE. HE ADMITTED MAIN TARGET OF LAW IS TRADING FIRMS, THAT ARE SEEN AS CONTRIBUTING LITTLE TO GHANAIAN ECONOMY. KYEI NOTED COMMITTEE HAS FAIR FORMULA FOR CALCULATING VALUE OF FOREIGN HELD SHARES TO BE SOLD TO GHANAIS. SHARES OF FIRMS WITH MANUFACTURING OPERATIONS TO BE EVALUATED BY MORE GENEROUS FORMULA THAN SHARES OF TRADING COMPANIES.

2. ESTIMATES OF VALUE OF SHARE THAT MUST BE SOLD TO GHANAIS HAVE RANGED UP TO \$180 MILLION, ACCORDING TO KYEI, BUT HE CONFIDENT TOTAL SHARE VALUE WILL FALL BETWEEN \$50-\$70 MILLION. THUS, HE DOES NOT SEE PURCHASE OF FOREIGN OWNED SHARES AS REPRESENTING A HEAVY BURDEN ON THE BALANCE OF PAYMENTS. KYEI OBSERVED THAT AS MOST FOREIGN FIRMS HAVE SIZEABLE PROFITS FOR WHICH THEY ARE AWAITING FOREIGN EXCHANGE COVERAGE, THEY WILL NOT MIND WAITING TO TRANSFER RECEIPTS FROM THE SALE OF SHARES TO GHANAIS.

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3. COMMENT: THE DOLS 50-70 MILLION RANGE STRIKES US AS LOW.
KYEI'S NON-SEQUITUR ABOUT BEING PATIENT ON REMITTANCES IS TYPICAL
OF MUDDLED THINKING INVOLVED IN MUCH OF THIS EXERCISE.
BLACK

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